TIA

Travel Industry Association
of America

Testimony of

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U.S. House of Representatives

On

Smooth Sailing or an Impending Wreck?
The Impact of new Visa and Passport Requirements on
Foreign Travel to the United States.

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Mr. Chairman, Ranking Member Waxman, and Members of the Committee, I appreciate the opportunity to testify before you on new proposed rules concerning visa processing and entry into the United States for international visitors. The U.S. travel industry stands ready to work with Congress and the Administration to ensure that the safety of Americans and all travelers – domestic and international – remains a top priority. But the travel industry is concerned that recent decisions by the U.S. Department of State are soon to be implemented without sufficient resources and without the necessary outreach and communication to impacted companies and organizations in the U.S. travel industry as well as international travelers.

I am John Marks, President and CEO of the San Francisco Convention & Visitors Bureau; however, I am testifying today as the National Chair of the Travel Industry Association of America. The Travel Industry Association of America (TIA) is the national, non-profit organization representing all components of the $525 billion U.S. travel and tourism industry. TIA's mission is to represent the whole of the travel industry to promote and facilitate increased travel to and within the United States. Its more than 2,000 member organizations represent every segment of the industry.

The U.S. travel and tourism industry is alarmed that the U.S. Department of State is moving forward with new, onerous decisions on both personal interviews for non-immigrant visa applicants and a machine-readable passport (MRP) requirement for Visa Waiver Program (VWP) travelers. Our industry has already sustained a heavy blow since the events of September 11, 2001. We strongly support efforts to enhance U.S. national security, but also believe that

there must be a more appropriate balance that recognizes the need to protect U.S. economic security. This is not an "either or" proposition. This nation should and must have both.

Overview of International Travel to the U.S.

International business and leisure travel to the U.S. is a vital component of our national economy. In 2002, over 41 million international visitors generated $88 billion in expenditures, $12 billion in federal, state and local tax revenue, and accounted for one million jobs nationwide. International travel and tourism to the U.S. is a service export, and in 2002, the U.S. had a positive balance of trade of $8 billion.

The continuing decline in international visitation over the past two years, though, has drastically reduced the flow of tax revenue to all levels of government and reduced our international balance of trade. Since 2000, the loss of international travel to the U.S. has cost our economy $15.3 billion in expenditures. Below is a review of key international market performance since 2000, based on 2002 and 2001 arrivals figures:

2000 Ranking	Arrivals in U.S.	change in 2002 from 2001	change in 2002 from 2000
	Total arrivals	-7.0%	-19.5%
1	Canada	-4.0%	-11.1%
2	Mexico	+0.5%	-4.8%
	Total Overseas	-12.4%	-26.4%
3	U.K.	-6.8%	-18.8%
4	Japan	-11.2%	-28.3%
5	Germany	-9.4%	-33.3%
6	Brazil	-26.5%	-45.1%
Note: Japan and the U.K. are in the Visa Waiver Program, which only requires a valid passport for entry. Travel from Brazil requires a valid passport and U.S.-issued visa. Different rules apply to Canada.			
Data Source: Dept. of Commerce, Ofc. of Travel and Tourism Industries			

The decline in travel is due to a variety of reasons, including fear of travel because of terrorism, a downturn in the global economy and confusion over new U.S. visa and border security procedures. While some of the causes are beyond the reach of any single government, actions by the U.S. government can either enhance or harm our nation's ability to attract increased international travel to the U.S. and create more jobs and economic opportunity for states and cities in every corner of our country.

New Rules for International Visitors

As security has become a paramount concern in visa processing, it now takes longer to process non-immigrant visa applications at numerous consulates. The State Department is taking more time to review applications, requiring more documentation and conducting an increasing number of personal interviews. Although greater emphasis on screening visa applicants is justified for national security reasons, these changes must be accompanied by additional resources so as not to impede inbound travel from key markets around the world.   On top of the recent security changes and increased scrutiny of visa applicants, the Department of State is poised to implement two new decisions we believe could significantly reduce international travel to the U.S.

The first of these is a mandatory increase in the number of non-immigrant visa applicants who are required to appear in person for an interview at a U.S. consulate or embassy. On May 21, the U.S. Department of State sent a cable to all U.S. embassies and consulates instructing them to begin conducting personal interviews with virtually all applicants for non-immigrant visitor visas no later than August 1, 2003. While current U.S. law requires personal interviews for visa applicants, consular offices have routinely waived this requirement for low-risk applicants. Secretary Powell's cable states that this new workload will come with no additional resources and acknowledges that it will certainly result in further visa processing backlogs.

The second recent decision by the Department of State concerns the Visa Waiver Program. This program exempts short-term visitors from 27 (mostly Western European) countries from obtaining a U.S. visa and allows them to enter the U.S. with a valid passport. Starting October 1, 2003, Visa Waiver Program travelers will be required to possess a machine-readable passport for entry into the U.S. These newer passports contain a barcode or magnetic strip that can quickly and accurately transmit passport information to an inspector's computer.

The original deadline, which was negotiated as part of the legislation permanently reauthorizing this critical program in 2000, was October 1, 2007. The USA Patriot Act accelerated this deadline to 2003. However, Congress provided the Secretary of State authority to waive the requirement in the event the deadline would disrupt international travel to the U.S. To date, the Department of State has steadfastly refused to make use of this limited waiver authority.

The travel and tourism industry supports the use of machine-readable passports and was aware of the deadline. However, we fully expected that the State Department would use this waiver authority so as not to impede international travel to the U.S. and harm an already ailing industry. Up until mid-June of this year, our industry had received no indication from the State Department that it would do otherwise. It is now apparent that the State Department will proceed to require all travelers entering the U.S. under the Visa Waiver Program to hold a machine-readable passport.

Lack of Communication

The U.S. travel industry is dismayed that the State Department would move forward with these decisions with little-to-no communication both to U.S. travel industry organizations or

international travelers. U.S. travel companies have direct relationships with thousands of overseas companies that sell U.S. travel packages and could have helped to prepare prospective visitors for these changes in policy and practice. In fact, TIA held its 35th Annual International Pow Wow market place in St. Louis in late May of this year. More than 1,000 major international travel producers attended this business-to-business trade show to purchase U.S. travel products, and the Department of State could have used this as an opportunity to officially announce these new policies and allow both U.S. companies and impacted international travelers to better prepare in advance of their implementation.

The lack of communication on the machine-readable passport decision is especially disturbing. This new rule will affect millions of international travelers from 27 different countries. We believe it will particularly hit hard those countries – Italy, France, Spain, and Switzerland – which have only recently begun issuing machine-readable passports. When we asked the Department of State how many non-machine-readable passports were still in circulation in Visa Waiver countries, we were told they do not have this information. When pressed, we were given only an estimate for France, and were told that 50% of all French passports currently in circulation are non-machine-readable, and therefore invalid as of October 1, 2003.

We find it distressing that the State Department would make such a serious policy decision based on limited knowledge of the number of old passports in circulation in these twenty-seven countries. And if they do indeed possess this information, we are puzzled as to why they would not share this information with the U.S. travel industry. TIA and other travel organizations only recently learned of this decision by the Department of State through informal, staff-level conversations.

The State Department has only now begun to announce this requirement to the international traveling public. With travelers booking their trips as far in advance as six months, and travel companies making their business plans and purchases even farther in advance, a three-month education period is simply not enough time.

This lack of communication is particularly problematic for our airline members and other carriers who transport international visitors to the U.S. Airlines are required, by law, to board only travelers who hold proper documentation. The boarding of improperly documented travelers will result in the airline being fined and also bearing the cost of transporting an individual who has been deported from the U.S. After October 1, a non-machine readable passport will be considered an invalid travel document. TIA is concerned there may not be sufficient time for airlines to train their personnel on how to identify and distinguish between non-machine readable passports and newer MRP versions.

The lack of communication on this decision even extends to the federal government itself. Even though the Department of Homeland Security has authority for inspecting and granting admission to inbound international travelers, they were only recently made aware of this decision by the State Department. At a mid-June meeting of public and private sector parties, Homeland Security officials were not prepared to explain how arriving visitors with older, non-MRP's would be treated. They might be deported, or possibly allowed to enter the U.S. with a stamp in

their passport indicating this would be the last lawful admission into the U.S. with that document.

Rightly or wrongly, the international traveling public increasingly perceives that the myriad of new security rules is creating a "Fortress America." The State Department's anemic communication efforts and failure to work with the U.S. travel and tourism industry are only reinforcing this negative image of our country. The State Department promotes a policy of "Secure Borders – Open Doors", but the door seems to be closing at the present time, and the "welcome mat" seems a bit frayed.

Inadequate Resources

TIA is not opposed to more interviews for visa applicants. However, the travel industry is alarmed that the State Department plans to implement this requirement without additional personnel. Many U.S. embassies and consulates will need additional interview facilities to handle the greater number of applicants who appear in person for an interview. We fully acknowledge that in some countries the U.S. already interviews anywhere from 90% to 100% of non-immigrant visa applicants. But that is not the case worldwide, and pretending otherwise is not helpful. Without a corresponding increase in resources, travelers wishing to visit the U.S. will have longer waits for interviews. These long waits will discourage travel to the U.S.

One can look to South Korea for an example of how this new rule will hurt international travel to the U.S. TIA has been in contact with the Visit USA Committee in South Korea to learn about visa issuance in that country. Visit USA Committees are groups of businesses and associations in other countries that join together to help promote travel to the U.S. Last year, 638,000 Koreans traveled to the U.S. for business or leisure. In 2002, the U.S. embassy in Seoul issued 337,000 visas, of which 273,800 were B1/B2 visas for business and leisure travel. Only 27% of all B-1/B-2 visa applicants are currently interviewed in person. If a 100% visa interview policy were implemented for the U.S. embassy in Seoul with no additional resources, the embassy would be able to issue a maximum of 200,000 visas of all types per year. TIA estimates this would result in a loss of approximately 114,000 travelers (one of every six Korean visitors) and a loss of $205 million in expenditures for the South Korean travel market alone. Expand this to other travel markets, and it is easy to see how the interview rule will cost industry and government hundreds of millions of dollars and thousands of lost jobs.

Until the U.S. Department of State has requested and received from Congress additional resources to take on the dramatically increased workload associated with this new policy, we respectfully request that the U.S. Department of State delay implementation of the plan outlined in the May 21 directive. The State Department must hire and train hundreds of new consular officers and dramatically expand facilities to conduct these personal interviews in order to avoid even greater visa processing backlogs. Returning to Korea, our embassy there is 40 years old. There is simply no more room to handle the thousands of additional in-person interviews planned. This situation is repeated around the globe where aging embassies and consulates lack the secure space to conduct additional visa application interviews.

TIA is also concerned that if the new interview requirement is implemented without consideration for additional resources, the security of our country could be weakened instead of strengthened. According to a report released by the General Accounting Office in November of 2002 (GAO-03-38), State Department officials claimed that an increase in the workload of consular staff without a corresponding increase in resources would result in overworked consular officers who "would become less effective and alert in dealing with cases needing additional scrutiny."

Recommended Solutions

TIA calls on the State Department to immediately implement the following solutions to avert serious disruption in international travel to the United States.

TIA requests the Secretary of State to <u>delay implementation of the increase in personal appearances for non-immigrant visa applicants until such time as additional resources are requested and received from the Congress</u>. An increased rate of personal interviews should only be phased in as needed additional personnel and facilities are made available at consulates and embassies. Promising to be the front line for homeland security without allocating the people or facilities to do so is a false promise.

TIA also <u>urges the Secretary of State to exercise the waiver authority granted by Congress and delay the machine-readable passport requirement by at least eighteen months for countries who have begun issuing machine readable passports in 2000 or later</u>. This will allow enough time for the State Department to conduct an effective outreach and education program abroad. This additional time will also allow airline carriers sufficient time to train their staff to properly identify non-machine-readable passports and to understand what action to take with regard to that traveler. A delay in implementation would also provide an opportunity for the Departments of State and Homeland Security to design an appropriate admission policy and train front-line personnel on how to treat travelers arriving in the U.S. with non-machine-readable passports.

Conclusion

TIA and the U.S. travel industry strongly support efforts by the federal government to protect our homeland from attack by those who would seek to harm its citizens, residents, and international guests. We stand ready to work with Congress and the Administration to design policies that prevent the entry of terrorists while truly facilitating the entry of tens of millions of legitimate business and leisure visitors who provide a great economic, social and political benefit for this country.

Just last year Congress appropriated $50 million to promote the U.S. internationally as the premier visitor destination in the world. Congress recognized the need to tell the world that we are not only open for business, but also eager to welcome international visitors to our cities and rural areas to experience our natural beauty, culture and exciting attractions. Even before government and industry have decided how to invest this $50 million, these ill-advised decisions could potentially drown out any efforts to invite the world to "See America."

Intentional or otherwise, a collection of rules and policies that discourages international visitors from coming to the U.S. also create a perception of "Fortress America." The U.S. "welcome mat" for international visitors is beginning to fray and the perception of some around the world is that we are no longer a welcoming nation.

We must have enhanced U.S. national security as well as improved U.S. economic security. The leaders of our nation must commit to <u>both</u> protect lives and preserve jobs.